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CLASSIFICATION OF THE COLUMN CENTRAL INTELLIGENCE INFORMATION REPORT

REPORT NO.

CD NO.

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COUNTRY China/Burma/Hacao

DATE DISTR.

SUBJECT Chinese Communist Procurement

NO. OF PAGES

25X1A PLACE

of Strategic Materials

NO. OF ENCLS. (LISTED BELOW)

ACQUIRED DATE OF

DO NOT CIRCULATE

SUPPLEMENT TO

25X1X

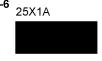
1 September - 20 October 1951 REPORT NO. INFO.

- 1. In mid-September regular shipments of war surplus material and gunny sacks were arriving in Canton from India at the rate of approximately 10,000 tons weekly. Nost of these ships were of Panamanian registry.
- 2. Burna-China trade in September consisted of automobile parts, British-made tires, and lubricating oil. These products were sold to Chinese Communist traders who arranged for their transport. There was a considerable reduction in October purchases. The business in automobiles and automobile parts is controlled by KULUG (R)), whose firm holds most of the American agencies. including Packard and International Harvester. KUARG's sister-in-law is eaployed as confidential socretary to the Nationalist Covernment's chief delegate to the United Mations.
- 3. In late September the Han Kuang Company of Hacao purchased through the Han Hein Company of Hong Kong a large number of american-manufactured a crophones. field telephones, and loud speakers for military use. By 20 October 1,000 nicrophones, 2,000 field tele hones, and 3,000 loud speuters had been sent to Canton from Fowloon on the Canton-Kowloon Railroad.
- 4. On 15 October 3 trucks were sent by the Man Kuang Company of Macao to Chilenshan (113-32, 22-14) to pick up 75 boxes of silver dollars, each containing 2,000 pieces, which had been shipped there by the Rank of China in Canton. The boxes were transported to the Kan Kuang Company warehouse in Macao to be used by that company for the purchase in theac of military supplies for Com-Luniet China.
- 5. LIANG Chang, section chief of the Economics Bureau of the Bacao Government, heads a group which is sauggling equipment and supplies from the Hong Kong area to Macao, using approximately 50 junks for this purpose. During early October, 50 notorcycles and about 2,000 drums of kerosene and Diesel oil vere sauggled by this group to Maceo from Chiangehou Island (113-26, 23-04) and Tabo (112-17, 21-47) on Lantao Island in the "ong Kong area. These

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supplies are now stored in the Man Kuang Company warehouse in Macao awaiting shipment to Canton.

6. On 12 October the Portugese vessel SOSANE<sup>3</sup> arrived in Macao from Timor with a total of approximately 80 tons of hide and cotton. The same day the vessel HUNG KO KUURI TA ( ) arrived in Macao from Haiphong with a total of 120 tons of iron bars and cement. These carcoes were purchased from Timor for the Man Kuang Company by HO Haier, chairman of the board of directors of the Chamber of Commerce of Macao, and in late October were in the company werehouse in Macao awaiting shipment to Canton.

25X1X

1. Comment. The Chinese Communist reduction of purchases from Burma coincides with the cutting of foreign exchange allocations from Shanghai factories, indicating a shortage of foreign exchange in China.

| 25X1A | 2. | Comment. Previous sauggling over this route was reported in         |
|-------|----|---|
| 25X1A | 3. | Comment. This is possibly the SUSANNA.                              |
| 25X1A | 4. | vessel was received as HUNG KO TI YA, but with characters as above. |
|       | 5. | . Other similar shipments are reported                              |
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